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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #9863-82
6 December 1982

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Chairman, National Intelligence Council

FROM: Maurice C. Ernst
NIO for Economics

SUBJECT: NSC Meeting on Alternative Energies

NSC review completed.

1. The development of alternatives to Soviet gas is believed to be, after COCOM, the most promising area of possible Allied cooperation on East-West economic issues. The purpose of the NSC meeting is to help set general guidelines for US policy initiatives on this issue. Bill Martin, who runs this account in the NSC Staff, tells me that the agenda will consist of:

- (1) A report by Secretary Regan summarizing the SIG-IEP assessment of alternative energy issues.
- (2) A review by Ken Dam of the energy studies that have been planned in the IEA and the OECD.
- (3) A discussion by Secretary Watt of possible domestic energy measures which could enhance the credibility of US international initiatives.
- (4) A discussion of the Astrakhan gas project and the Allied bidding for contracts. I understand you will be asked to present a brief review of the facts and issues on this project.

2. CIA has contributed heavily to the work on Alternative Energies. Major planned support studies include:

- o A review of West European dependence on energy imports.
- o A similar study on Japan.
- o A detailed analysis of the West European gas grid (which will depend on IEA data, but will push the analysis further).

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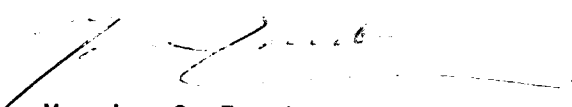
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- o An overall assessment of Soviet energy prospects and their implications for the West.

3. In addition to the material I prepared for you this weekend, I am attaching:

- (1) The alternative energy issues paper distributed by the NSC--it is extremely well done and we have no problems with it.
- (2) Secretary Regan's summary of the SIG-IEP discussion--here too we have no problems.
- (3) Some general comments I have put together with Harry Rowen, on possible ways of encouraging development of Norwegian gas.
- (4) Some brief talking points for you on Astrakhan--as a backup, you have the Astrakhan briefing paper for Secretary Shultz.
- (5) The CIA paper prepared for the SIG-IEP on alternatives to Siberian gas which presents alternatives for European gas demand and supplies through the year 2000.
- (6) A cable from Ambassador Galbraith reviewing his alternative energy mission and making recommendations.

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Maurice C. Ernst

Attachments,
As stated

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